Water & Wastewater Treatment Equipment

Australia

Market Overview

By far, water and wastewater treatment is the Australian environmental industry's largest sector. On the municipal side, water authorities remain the main purchasers and users of goods and services in this sector. On the industrial side, the market is much smaller and currently appears to be over-catered for by both foreign and local manufacturers.

Australia has a total population of 19.9 million. Approximately 85 percent of the population currently has access to more than 700 community sewage treatment plants. Nearly half of these are based on biological filters, about 170 are lagoons, and 45 are based on primary treatment. Most new plants are implementing activated sludge processes.

Annual expenditure on new capital works and renewal works for urban water supply and sewage treatment is estimated at US$2-US$2.5 billion. Significant expenditure by the water authorities will continue in the traditional purchase areas of pipelines, storages, clean-up projects, pump stations and treatment plants.

The three important factors driving the growing demand for new water and wastewater treatment solutions are:

1. A severe and prolonged drought that has adversely affected water supply and quality in Australia.
2. Increasing community awareness leading to higher expectations about environmental protection and pollution control.
3. Increasing pressure from the Government for water authorities and industry to adhere to existing and emerging pollution control guidelines.

U.S. Position and Competitors

The local marketplace for water and wastewater treatment equipment is dominated by imports. Industry sources suggest the following import shares: U.S.-55%, Germany - 15%, U.K. 10%, Japan 5%.

U.S. market share has partly been eroded by the success of European firms who in consortia with Australian partners are actively bidding for plant projects. The major overseas players include Lyonnaise des Eaux (French), Compagnie General des Eaux (French) and Thames Water (U.K.). The success of these firms can partly be attributed to Australia's historical choice of European over U.S. designed sewerage systems.

The following reflect the more common concerns expressed by local contacts:

1. Although currently quite strong, the generally unfavorable exchange rate makes it difficult for U.S. equipment to compete in the Australian marketplace.
2. U.S. companies remain reluctant to convert technical data and specifications into metric. Australian engineers complain that they are still required to interpret data which uses imperial measurements.
3. There is a perception that U.S. companies are reluctant to meet Australian developed quality assurance standards.

Best Sales Prospects

Increasing competitive pressures, changing distribution channels and rapid developments in product innovation mean that Australian suppliers are always interested in reviewing the market potential of new technology. Best sales prospects exist for:

- Biofiltration systems.
- Presses for conversion of water or sludge waste.
- - New oxidation systems for the removal of chemicals from industrial wastewater.
- Filtration equipment for industrial waste applications.
- Flow meters for wastewater measurement.
- Spill containment booms.

Commercial Opportunities

Sydney is currently experiencing the most severe drought since the 1930s, its population continues to grow by more than 40,000 people every year, and dams are only about half full. Mandatory water restrictions have been in force since October 2003 and have reduced water consumption by 10 percent. The effects in Sydney's water catchment appear to be warmer conditions and less rainfall, with the ongoing consequence that less water will be available for consumption each year on average. Even when the current drought breaks, the report concludes that the long-term security of Sydney's future water supply will need to be addressed.

The Government will invest US$79 million in dam modifications to extract currently inaccessible water at the bottom of Sydney's dams. It is estimated that this measure will increase water supply by six months and provide an additional source of supply for the future.

At the same time the Government will invest US$3 million to develop a contingency plan for building a desalination plant if needed in this or future droughts.

Market Access

Australia and the United States recently enacted a Free Trade Agreement (FTA). As of January 1, 2005, duties on more than 99 percent of tariff lines covering industrial and consumer goods have been eliminated. Prior to the FTA, U.S.-manufactured water and wastewater equipment attracted a five percent duty. These products can now enter Australia duty free.

U.S. exporters may consider employing the following market entry strategies:

- Appointing an agent or distributor.

- Manufacture under license. Australian businesses have in the past been particularly receptive towards this arrangement because it overcomes the prohibitive and high-risk costs associated with Research and Development.

- Joint Ventures. Various forms of partnerships have not been widely used by U.S. firms in this area. Partnerships have been used by French, U.K. and German companies seeking to bid for sewage and wastewater treatment projects.

Learn more about how we promote U.S. products and services in Australia by visiting our website at www.BuyUSA.gov/australia/en or by contacting John Kanawati at John.Kanawati@mail.doc.gov.